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FM AMEMBASSY SAN JOSE
TO RUEHC/SECSTATE WASHDC PRIORITY 9992
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY

UNCLAS SAN JOSE 000653

SIPDIS

DEPT FOR EEB/IFD/ODF, EEB/IFD/OIA; PLEASE PASS TO
OPIC/VP/SF:KCHRISTENSEN; PLEASE PASS TO COMMERCE/FCS

E.O. 12958: N/A
TAGS: [CS](#) [ECON](#) [EFIN](#) [PGOV](#) [PREL](#)
SUBJECT: APPLICATION FOR OPIC FINANCE: BAC SAN JOSE

REF: SECSTATE 80569

¶1. SUMMARY: Embassy San Jose supports OPIC's proposal for a \$60 million loan to BAC San Jose, S.A. The Econ and FCS Sections have reviewed the proposal and concluded that there were no reasons that the loan should not proceed (Reftel).
END SUMMARY.

RECENT COUNTRY EVENTS

¶2. Though the fiscal and consumer impact of rising fuel and food prices greatly concern the GOCR and the general populace, the Costa Rican economy continues to grow and is projected to expand by 4 percent in 2008. The GOCR forecasted a small deficit for 2008 and is still on track to meet that target due to prudent budgeting by the Ministry of Finance.

STANDING OF BAC SAN JOSE

¶3. Embassy review of the subject company -- BAC San Jose, its foreign sponsor (Carlos Pellas), and key shareholder investors -- did not produce any information linking the company and / or principals to terrorism, money laundering, corruption, or violations of law.

COMMENT

¶4. Embassy San Jose believes that a program like this one, designed to provide lending to medium-sized businesses and low-middle income mortgage borrowers, is well-suited to local market demand. In addition, the proposal may be of great assistance to these market segments in the likely scenario that the Costa Rican lending environment tightens over the coming months due to inflation rising higher than expected over the past six months. We remind OPIC that USAID does not have an in-country economic development assistance team in Costa Rica. (The lone in-country USAID mission is the Office of Foreign Disaster Assistance). Hence, there is no USAID development staff to review the OPIC proposal.
CIANCHETTE